

## USER FEE DEVELOPMENT GUIDE

### I. INTRODUCTION

A. Purpose. The purpose of this User Fee Development Guide is to provide County department personnel with written procedures on the development of user fee proposals. The availability of this Guide should improve general knowledge of the user fee development process and in so doing allow such proposals to be developed efficiently following a standardized process.

B. Scope. This Guide is to be utilized in the development of user fee proposals for most general governmental service programs. This Guide is not to be utilized in developing fee proposals for programs and services related to the Recreation Department or enterprise and internal service fund departments (eg. Utilities Department, Tuolumne General Hospital, Purchasing & Special Services, etc.) Fee proposals for services in these other departments will be developed following separate procedures already in place for each department.

### II. USER FEE DEVELOPMENT POLICIES

The following is a set of user fee development policies that has been adopted by the Board of Supervisors and forms the basis for the specific procedures outlined later in this Guide.

1. Staff will continue to use the Costed Service Approach - Standard Unit Cost method for calculating most user fees related to Governmental Fund services.
2. Staff will continue the practice of applying sliding scales and waiver policies on all clinical Health Department Fees.
3. Child and animal adoption fees and public transportation fares will be established at a level less than actual cost for the following reasons.
  - a. Concern that cost recovery would discourage people from adopting either children or animals.
  - b. Setting transit fares at cost recovery level would discourage ridership which would threaten the system's ability to meet the statutory requirement of 10% cost recovery from the fare box.

Fees to which a sliding scale or waiver policy has been applied notwithstanding, the Board shall not adopt fees at a level lower than necessary to recover costs without also adopting findings that support and disclose the rationale for reducing such a fee.

4. Staff will develop annual fees for services related to the Environmental Health Division's regulatory and/or consumer protection function at a level of 75% of the total cost of providing such services.

In adopting this policy, the Board has found that the benefits of such services accrue to both the recipient/applicant and general public. Therefore, the Board is justified in establishing fees to be paid by the recipient/applicant at a level less than the full cost of providing such services.

Existing fees to which policy #4 applies are as follows:

- Annual food facility inspections
- Itinerant food vendor inspections and permits
- Annual public swimming pool inspections
- Annual septic waste hauler inspections and permits
- Annual solid waste hauler inspections and permits
- Annual infectious waste facility inspections
- Annual permits to operate underground storage tank facilities

5. Fees for development departments shall be set at specific amounts and when appropriate shall utilize a tiering system that differentiates the more complex and time consuming projects from the simpler and less time consuming projects.

### III. DEVELOPMENT PROCESS

A. Identification of User Fee Area(s) to be Analyzed. The first step in the user fee development process is to identify the service(s) for which a fee proposal is to be developed. In general, any service that meets the following criteria should be considered as a legitimate candidate for having its costs recovered through a user fee:

1. The service is extended to and directly benefits a specific individual or organization; and
2. Either a specific section of statute allows for the establishment of user fee for the service or (at minimum) no section of statute exists which expressly prohibits the establishment of a user fee for the service.



Departments should evaluate the services they provide in light of these criteria when identifying areas for analysis. Other activities which should prove helpful in identifying areas for analysis include: 1) surveying other counties on the services for which they charge user fees; and 2) monitoring legislative actions allowing for the establishment of new or modification of existing user fees. It is also recognized that from time to time it may be prudent to simply re-evaluate existing user fees.

B. User Fee Inventory Sheet. Once service areas have been identified for analysis, departments should complete a "Service & Fee Survey" form (see Exhibits 1 and 2) for each service area to be reviewed. Exhibit 3 is an example of a completed Service & Survey form for the Map Check for Record of Survey service. The Service & Fee Survey form provides an excellent backup document and general information resource which will be used later in the user fee development process.

C. User Fee Calculations. In preparing to conduct actual calculations of user fees, departments will need to outline the exact actions, personnel and time involved at each phase of a particular service. This is accomplished in most cases by the use of extensive interviews with department staff and/or the use of specific time studies. Exhibit 4 is a blank copy of a "Service Process Summary" form used for this first critical step of the calculation process. Exhibit 5 is an example of a completed Service Process Summary form for the Map Check for Record of Survey service. In those cases where it would be unrealistic to attempt to assign average time allocations to various phases of a service, time studies are recommended to be completed before proceeding with the process.

The second step in this process is to establish the four productive hourly cost rates associated with each staff member involved with the provision of a particular service. The four cost rate areas are as follows:

- 1) direct personnel cost;
- 2) supervision cost;
- 3) services and supply costs; and
- 4) A-87 county-wide overhead cost.

An individual's total number of productive work hours can be calculated by taking the total number of hours a person could possibly work in a year and subtracting from that vacation, holiday

sick and break time. It has been predetermined that this number will always be the same for all full-time employees (2080 total hours - 400 excused hours = 1680 productive work hours). Excused hours have been broken down as follows: 96 hours - holidays, 120 hours - vacation, 72 hours - sick leave and 112 hours - breaks. Departments will need to develop their own rationale for arriving at productive work hours for part-time staff.

Therefore, an individual's productive hourly personnel rate should be calculated by taking their total annual compensation (salary plus benefits) and dividing by 1680 hours. (Eg. Total Comp. \$25,000  $\div$  1680 hours = \$14.88/hour). It is strongly advised that departments utilize the total compensation figures from the "Form B-1" completed as part of their most recent budget request submitted to the County Administrator's Office. The Form B-1 provides a common reference point and figures shown on it should have been developed utilizing common salary and benefit assumptions and rates.

The supervision rate for each employee is more complicated in that it takes that estimated portion of a supervisor's time and/or compensation attributed to actual supervisory/administrative duties, divided by the total number of productive hours of those he/she supervises. The supervision rate for any of say four people who are supervised by an individual making \$30,000 per year (total compensation) and who spends 25% of his/her time in supervisory/administrative activities would be calculated as follows:  $(.25 \times \$30,000) \div (4 \times 1680) = \$1.12$ . Departments should seek special assistance from the County Administrator's Office in developing and utilizing supervision rates if either: 1) managers oversee and allocate time amongst several departments; or 2) several levels of supervision exist within a department.

The services and supply rate for everyone in a department is derived by taking that department's total budgeted service and supply cost divided by the total number of productive work hours within that department. The calculation for a department with a total service and supply budget of \$135,000 and thirty-five employees would be:  $\$135,000 \div (35 \times 1680) = \$2.30/\text{hour}$ . Departments may wish to exclude or factor down certain large, one-time service and supply costs from this calculation if the inclusion of same would inappropriately inflate the resulting services and supply rate. (Eg. A department may wish to exclude from the calculation a one-time professional services contract expense which is offset with state or federal funding)



The A-87 cost rate attempts to re-coup a variety of overhead costs not reflected in a departments regular budget. A-87 cost allocations for each County department can be obtained from the Total Plan Allocation line of Schedule A of the County's most recent Cost Allocation Plan on file in the Auditor/Controller's Office. The A-87 cost rate for everyone in a department of thirty-five employees with an A-87 annual allocation of \$65,000 would be:  $\$65,000 \div (35 \times 1680) = \$1.11/\text{hour}$ .

The next step is to apply each appropriate cost rate to the total number of minutes/hours each staff member puts in to performing a particular service. The total of all such staff costs equals the total cost per unit of service. This process is accomplished utilizing a "Fee Worksheet" (see Exhibit 6) which merges the staff time information documented on the Service Process Summary form with the personnel, supervision, services and supply and A-87 cost rates just discussed. Exhibit 7 is an example of a completed Fee Worksheet for the Map Check for Record of Survey service.

D. Formulating the Level of the Recommended Fee. In arriving at the precise amount or level of fee to be recommended for adoption, departments need to consider several factors.

1. What is the total cost/unit of service as shown on the Fee Worksheet?
2. Are there any special statutory limitations upon the amount of a certain fee?
3. If there appears to be a statutory limitation upon the amount of a certain fee, does Government Code Section 54985 apply and negate the limitation?
4. How might the Board adopted User Fee Development Policies relate to a particular fee?

In general, if no statutory limitation exists on the amount of a certain fee, the recommended fee should be derived by taking the total cost/unit of service figure from the Fee Worksheet and rounding to the nearest \$.25. (Eg. The total cost/unit of service for the Map Check for Record of Survey was \$100.73. Therefore, the recommended fee would be \$100.75/record of survey)

E. Board Agenda Packet. Once the user fee area has been analyzed and a recommendation derived, departments should proceed

in developing a formal user fee proposal for Board consideration. A user fee proposal should consist of three things: 1) a cover memo which summarizes the proposal and ends with a recommendation to adopt the fee via approval of an amendment to the County's Master Fee Ordinance; 2) a fee proposal summary write-up which follows the recommended format as illustrated in the example provided (see Exhibit 8); and 3) a copy of the proposed ordinance which in turn modifies the County's Master Fee Ordinance.

Departments will note that almost all of the data needed to complete the summary write-up can be obtained from the other forms completed up to this point in the user fee development process. The name and description of the service area can be copied from the Service & Fee Survey form. The total cost figure can be copied from the Fee Worksheet. The current fee figure can be copied from both the Service & Fee Survey form or Fee Worksheet. The statutory limit (if any) can be determined from reviewing the statute(s) cited and attached to the Service & Fee Survey form. The current subsidy can be copied from the Fee Worksheet. The recommended fee figure is arrived at through the process described in the preceding section of this Guide. The revenue change per year figure should be calculated by taking the difference between the current and recommended fees and multiplying the result by the anticipated annual service demand derived from the service demand data provided on the Service & Fee Survey form. The revenue change per year figure shown on Exhibit 8 of \$666 was arrived by multiplying 72 record of surveys (a four year average demand) by \$9.25 (\$101.75-\$91.50). The comments on the fee can be copied from the Service & Fee Survey form and augmented as deemed appropriate.

The proposed ordinance should be developed in conjunction with the County Counsel's Office. Development of an ordinance should not be difficult or time consuming since the County Counsel's Office has developed a fairly standardized format for such ordinances. Departments are cautioned, however, to provide sufficient lead-time for the County Counsel's Office to work with them in developing the proposed ordinance.

Beyond the packet provided to the Board, the County Administrator's Office should also be provided with copies of all forms, worksheets, calculations and assumptions utilized by departments in arriving at their recommended fee proposals. These copies will be retained for a centralized archive of background information related to all County fees.

Departments should also be aware of the fact that beginning in FY 1990/91, automatic annual adjustments to certain fees as authorized by Ordinance Code Section 3.40.020 will be calculated by the County Administrator's Office. The listing of the revised fees to become effective each July 1 will be provided to departments along with their annual budget instruction materials.

SERVICE & FEE SURVEY

1. Name of Service: \_\_\_\_\_
2. Description of Service: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Service Demand:  
19\_\_/19\_\_ : \_\_\_\_\_ (actual)  
19\_\_/19\_\_ : \_\_\_\_\_ (actual)  
19\_\_/19\_\_ : \_\_\_\_\_ (actual)  
19\_\_/19\_\_ : \_\_\_\_\_ (current fiscal year est.)
4. Legal Basis/Authority  
Statutory Authority: \_\_\_\_\_  
\_\_\_\_\_  
Local Ordinance/Resolution: \_\_\_\_\_  
\_\_\_\_\_
5. Current Fee  
Amount: \_\_\_\_\_  
Discounted or Sliding Scale (Yes/No)? \_\_\_\_\_ If  
yes, explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. General Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



SERVICE & FEE SURVEY

INSTRUCTION SHEET

1. Name of Service: List name of service provided.
2. Description of Service: Describe the general purpose of the service and how it is provided.
3. Service Demand: Indicate by fiscal year the total usage of the service (eg. number of inspections per fiscal year, number of clientele served per fiscal year, etc.)
4. Legal Basis/Authority: Cite the sections of statute and local ordinances or resolutions which provide the legal basis for providing the service and levying related fees. Citations should include any constraints or limitations on the assessment of fees for a particular service. A copy of the cited statute, ordinance or resolution should be attached to the service and fee survey sheet.
5. Current Fee: If a fee is currently charged, specify the amount of the fee. Please also note whether or not a discount or sliding scale is applied to the fee. If a discount or sliding scale is applied, describe the basis and nature of same.
6. General Comments: Provide any pertinent comments and/or additional information necessary to round out or complete the description of the service and related fee.

SERVICE & FEE SURVEY

1. **Name of Service:** MAP CHECK FOR RECORD OF SURVEY
2. **Description of Service:** COUNTY SURVEYOR STAFF WILL CHECK RECORD OF SURVEYS FOR ACCURACY, LEGALITY AND CONFORMANCE WITH THE LAND SURVEYOR'S ACT. THIS IS DONE AS BOTH A SERVICE TO THE INDIVIDUAL BRINGING THE RECORD OF SURVEY IN FOR CHECKING AND THE PUBLIC AT LARGE.
3. **Service Demand:**  

1986/1987 :	<u>70 MAPS</u>	<u>(actual)</u>
1987/1988 :	<u>68 MAPS</u>	<u>(actual)</u>
1988/1989 :	<u>76 MAPS</u>	<u>(actual)</u>
1989/1990 :	<u>75 MAPS</u>	<u>(current fiscal year est.)</u>
4. **Legal Basis/Authority**  

**Statutory Authority:** BUS. & PROF. CODE, SECTIONS 8766 AND 8766.5

**Local Ordinance/Resolution:** ORD. CODE SECTION 3.40.010 P.1
5. **Current Fee**  

**Amount:** \$91.50/RECORD OF SURVEY

**Discounted or Sliding Scale (Yes/No)?** YES **If yes, explain:** PRIOR BOARD POLICY CALLED FOR DISCOUNTING THIS FEE BY 25% TO ACCOUNT FOR THE PERCEIVED JOINT PUBLIC AND PRIVATE GOOD DERIVED FROM THE SERVICE.
6. **General Comments:** DUE TO THE RECENT CHANGE IN BOARD POLICY, THIS FEE WILL BE RE-CALCULATED AT THE 100% COST RECOVERY LEVEL RATHER THAN THE PREVIOUS 75% LEVEL.

Exhibit 4

SERVICE PROCESS SUMMARY

DEPARTMENT: \_\_\_\_\_

SERVICE: \_\_\_\_\_

ACTIVITY

STAFF INVOLVED

AVG. TIME

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.



Exhibit 5

SERVICE PROCESS SUMMARY

DEPARTMENT: COUNTY SURVEYOR

SERVICE: MAP CHECK FOR RECORD OF SURVEY

	<u>ACTIVITY</u>	<u>STAFF INVOLVED</u>	<u>AVG. TIME</u>
1.	RECEIVE MAP AND OPEN FILE	TECHNICAL CLERK	10 MINS.
2.	MAP CHECKER REVIEWS AND COMMENTS	ENGINEERING AIDE II	240 MINS.
3.	SURVEYOR CONTACTED (TELEPHONED) RE: CORRECTIONS	TECHNICAL CLERK	5 MINS.
4.	MAP SUBMITTED AND BACK TO MAP CHECKER	TECHNICAL CLERK	2 MINS.
5.	MAP CHECKER RE-CHECKS MAP AND COMMENTS	ENGINEERING AIDE II	60 MINS.
6.	REVIEW FOR TECHNICAL ACCURACY	LAND COMPLIANCE OFCR.	10 MINS.
7.	SET FOR RECORDING, RECORDING FEES COLLECTED	OR ENGINEERING ASST.	
8.	AND TAKEN OVER TO BE RECORDED	ENGINEERING ASST.	15 MINS.
9.		OR TECHNICAL CLERK	
10.			

Exhibit 6

FEE WORKSHEET

DEPARTMENT: \_\_\_\_\_

SERVICE: \_\_\_\_\_

TOTAL

Prod. Hr. Rate  
Hours (Avg.)  
Direct Pers. Cost

Supervision/Support Rate  
Supervision/Support Cost

Services & Supply Rate  
Services & Supply Cost

A-87 Overhead Rate  
A-87 Overhead Cost

Total Cost

Current Fee

Subsidy/Service Unit

Exhibit 7

FEE WORKSHEET

DEPARTMENT: TRANS. & ENG. SERVICES

SERVICE: MAP CHECK FOR RECORD OF SURVEY

	<u>ENG. AIDE II</u>	<u>TECH. CLERK</u>	<u>LCO OR E/A</u>	<u>LCO OR T/C</u>	<u>TOTAL</u>
Prod. Hr. Rate	\$13.13	\$11.82	\$16.28	\$13.87	
Hours (Avg.)	5.0 (300 mins)	.28 (17 mins)	.17 (10 mins)	.25 (15 mins)	5.7 hrs.
Direct Pers. Cost	\$65.65	\$ 3.31	\$ 2.77	\$ 3.47	\$75.20
Supervision/Support Rate	\$ 2.18	\$ 2.18	\$ 1.72	\$ 2.18	
Supervision/Support Cost	\$10.90	\$ .61	\$ .29	\$ .55	\$12.35
Services & Supply Rate	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	
Services & Supply Cost	\$ 5.80	\$ .33	\$ .20	\$ .29	\$ 6.62
A-87 Overhead Rate	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	
A-87 Overhead Cost	\$ 5.75	\$ .32	\$ .20	\$ .29	\$ 6.56
Total Cost	\$100.73				
Current Fee	\$ 91.50				
Subsidy/Service Unit	\$ 9.23				